

Message Text

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C O N F I D E N T I A L MADRID 1210

E. O. 11652: GDS

TAGS: ETRN, SP

SUBJECT: CIVAIR CHARTERS: SPAIN WANTS LARGER SHARE OF US- SPAIN
BUSINESS

1. SUMMARY. CIVAIR DIRGEN O' CONNOR TOLD EMBOFF NEED TO USE
RECENTLY PURCHASED 13 DC-8' S, FAVORABLE CHARTER ARRANGEMENTS
WITH USSR, GERMANY, ICELAND, AND AUSTRIA, TOGETHER WITH HIS
OWN RELATIVELY RECENT POSITION ON IBERIA BOARD OF DIRECTORS
WILL BRING INCREASING PRESSURE ON GOS TO INSIST SPANISH CHARTER
CARRIERS BE GIVEN GREATER SHARE US- SPAIN MARKET. END SUMMARY

2. GEN EMILIO O' CONNOR, DIRGEN OF CIVIL AVIATION IN SPANISH
AIR MINISTRY, EXPLAINED TO EMBOFF THAT RECENT PURCHASE 13
DC-8 AIRCRAFT BY SPANISH CHARTER FIRMS, DELIVERY TO BE COMPLETED
BY END 1973, WILL MAKE IT ALL THE MORE NECESSARY TO FIND USES
FOR ALREADY UNDERUSED SPANISH AIRCRAFT. (PLANNED DISTRIBUTION
THESE AIRCRAFT: AVIACO 5, SPANTAX 2, AIR SPAIN 3, TRANS-
EUROPE 3. RECENTLY LOST CORONADO OF SPANTAX WILL IN ALL
PROBABILITY BE REPLACED BY ANOTHER DC-8). ADDED THAT IBERIA' S
PRESENT FLEET USED 500 TO 600 HOURS (OR ABOUT 20 PERCENT)
LESS PER YEAR THAN AVERAGE OF OTHER EUROPEAN FLEETS.

3. RECENTLY CONCLUDED AGREEMENT WITH USSR, PRIMARILY TO
TRANSPORT CREWS OF SOVIET FISHING SHIPS BETWEEN CANARY ISLANDS
AND HOME, WITH PROVISION FOR LATER TRANSPORT OF TOURISTS,
HAS ADMITTEDLY POLITICALLY INSPIRED PROVISION THAT BUSINESS
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BE SHARED EQUALLY BETWEEN SPANISH AND SOVIET CARRIERS. THIS PROVISION HAS LED TO SEVERAL INQUIRIES IN HIGH GOS CIRCLES WHY SPAIN CANNOT GET BETTER TERMS FROM OTHER COUNTRIES. CURRENT ARRANGEMENTS PROVIDE FOR A MAXIMUM OF 30 PERCENT OF SPAIN- GERMANY TRAFFIC TO GO TO SPAIN, 40 PERCENT IN THE CASE OF AUSTRIA AND 30 PERCENT IN THAT OF ICELAND.

4. O' CONNOR VOLUNTEERED FACT THAT HE HAS BEEN IBERIA DIRECTOR FOR PAST SEVEN MONTHS, AS REP OF INI (INSTITUTO NACIONAL DE INDUSTRIA), SPAIN' S GOVT- SUPERVISED HOLDING COMPANY WHICH CONTROLS AN IMPORTANT SEGMENT OF SPANISH ECONOMIC LIFE INCLUDING IBERIA. CLEAR IMPLICATION THAT HE WILL FEEL MORE PRESSURE FROM THAT ROLE AGAINST HIS UP TO NOW LIBERAL POLICY OF ADMITTING US CHARTER AIRCRAFT.

5. O' CONNOR CONCLUSION: SOME INCREASE IN SPANISH EXPLOITATION OF US- SPAIN CHARTER MARKET VITAL IF US CHARTERS TO SPAIN ARE TO BE APPROVED AT CURRENT RATE. ADDED THAT CURRENT PREDICTION IS FOR 1500 FLIGHTS IN 1973. SAID THAT SPANISH CAPACITY TO TAKE AS MUCH AS 20 PERCENT OF THIS MARKET WILL NOT BE PRESENT UNTIL THE END OF 1973. BUT SOME INCREASE IN SPAIN' S SHARE WILL BE NECESSARY FOR ANY KIND OF CHARTER ARRANGEMENT BETWEEN SPAIN AND THE US.
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